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<input checked="" type="checkbox"/> COMMENT		FILE		RETURN	
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Remarks:					
For comments/recommendations re reply.					
<i>Recommend you advise Mr. Brown his letter will be brought to Mr. Dulles' attention upon his return to Wash.</i>					
Suspense 25 June 58					
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		SS AND PHONE NO.		DATE	
		Asst. to the DCI		19 June	
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FORM NO. 237
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Replaces Form 30-4
which may be used.

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27 JUN 1958

cancel

Mr. Wolstan Crocker Brown
Wolstan Crocker Brown Association
for World Education
336 Hillside Avenue
Douglaston 63, L. I.
New York

Dear Mr. Brown:

This is to acknowledge and thank you for
your letter of June 15, with its enclosures, to
Mr. Dulles.

Sincerely,

SIGNED

[Redacted Signature]

Assistant to the Director

O/DCI/[Redacted] :kp
26 June 1958

Distribution:

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B A W E

WOLSTAN CROCKER BROWN ASSOCIATION
FOR WORLD EDUCATION
336 HILLSIDE AVENUE
DOUGLASTON 63, L. I., N. Y.

June 15, 1958.

Mr Allen Dullas
U.S. Information Agency
Washington, D.C.

Dear Mr.Dullas:

I believe you will rember^{em} introducing me to
Mr Nelson Rockefeller in your office several years ago when we
were talking about the International Trade and Credit Market
Bill. At the time Dr. Fisher adviser to Mr Rockefeller approv-
ed of the bill.

From late statements by you on this situation I
believe you will find the enclosed copy of a letter to Charles
Harley of the Treasury Department interesting.

The system suggested has had approval from leaders
of both parties. I spent the last week in May in Washington and
had confrences in the state and Treasury Departments

You may have noted the Mr. Adlai Stevenson in his
last speech demanded just such a development.

Let me know if you would like more information on
this situation.

Yours sincerely,

Wolstan Crocker Brown
Wolstan Crocker Brown.

STATOTHR

WOLSTAN CROCKER BROWN

June 5, 1958

Mr. Charles Harley
Finance Committee
Treasury Department
Washington, D. C.

Re: INTERNATIONAL TRADE
AND CREDIT MARKET

Dear Mr. Harley:

Our present system of loans to Latin America for trade and development has evolved in a period of expanding trade and credit. If these loans are to be repaid, as contracted, a high volume of trade must continue and there must be at least an average prosperity in the Western Hemisphere. Most of our present loan projects in these countries are keyed to this assumption.

You informed me that the officials of the Treasury Department are now worried by trade and credit conditions developing in Latin America and many other parts of the world.

This attitude on the part of Treasury Officials is obviously justified by an ever-growing threat of credit breakdown from many directions, and the very frank threats and sabotage of the Soviet Union against the U.S.A.

It does not take a prophet to see that a new system of loans and assistance must be evolved in the near future. In Latin America the entire credit basis of many countries is being weakened by competition from an awakening Africa. The marketing of coffee, fibres and metals from other countries will force the development of a new credit base in Latin America as a whole.

With French credit bogged down to a near-vanishing point, we must nevertheless prop up their economy against the Reds who await just such an extremity. The same condition, of course, exists in many parts of the world. The great strain on our monetary powers demands a reconstructed strategy based on the greatest possible credit stability, starting with the Western Hemisphere.

We must face the facts. Our present system of loans and assistance is based on a high level of prosperity in Latin America that is receding with no promise of quick revival. To stay with the present methods would be to invite a credit impasse that is recognized as the ideal condition for expanding communism.

If a change is to come and a safe degree of stability maintained, it must come before a crisis develops. You have informed me that the present loans to Latin America "approach" the system outlined in the provisions of the International Trade and Credit Market Bill only when a loan is made to a Latin American country whose credit is very weak. I intend to show that the present system of dealing with weak Latin American credit approaches the I.T. & C.M. System in one way only, and that it lacks many elements of strength that are now necessary and found in the I.T. & C.M. System.

I.T. & C.M. System

- 3 -

June 5, 1958

- C. The gold that secures this loan does not leave the U.S.A., and the money that pays this loan does not leave the U.S.A.
- D. The U.S.A. gains a better market in Colombia for our products, for Colombia will have more exchange to buy our goods.
- E. This type of loan, executed with all countries in the Western Hemisphere, could provide over \$4,000,000,000 for international trade and other constructive purposes.
- F. Greater markets should develop in all Western Hemisphere countries with this system as a firm basis for trade and mutual development.
- G. Before the U.S.A. had one money, there was financial chaos; but with the issuance of a single medium of exchange this country became industrially dynamic and all the States prospered. This new international, gold-backed, non-inflationary money would promote trade and dynamic unity in the Western Hemisphere.

.

The new International Bank and Market is now as necessary to the financial operations of the U.S.A. as is the United Nations to our political international strategy...

Without the United Nations, the war in Korea and many other crises would have put a far more serious burden on the U.S.A. And without the U.N. prestige, our present world power would be greatly lessened.

The same gain in international strength is open to us now in this new International Bank and Market. The strict guarantees of basic credit we would demand for the new loans would not "hurt the feelings" of Latin American nations, for the Market and Bank would be international, just as the U.N. is international and therefore can execute its demands with a majority backing. If these demands were made by the U.S.A. alone, there could have been resistance and chaos.

The new International Bank and Market set up in the Western Hemisphere could gradually be extended to Europe and all free nations. A basic and dynamic credit floor could be laid for all Western Nations. The new international exchange could be restricted very largely to the use of free nations by the threat of fines and dismissal from the new international operation. We are restricting our trade with Russia and Red China. This operation would be a crucial weapon in the Cold War.

I.T. & C.M. System

- 2 -

June 5, 1958

At present, therefore, when a Latin American country is considered to have weak credit, a careful study of her trade with the U.S.A. is made. The loan is then limited by the normal flow of dollar exchange to that country from the U.S.A., and the normal capacity of the borrowing country to repay. This, however, does not apply to the majority of the present loans that are now based on a receding credit capacity in many Western Hemisphere countries.

Why the I.T. & C.M. System can and must bring
a gradual strengthening of trade and credit in
Latin America and then in all free nations...

An I.T. & C.M. loan would be studied, first, from the standpoint of the normal flow of dollar exchange to the country applying for the loan.

Secondly, the year by year imports from the country to the U.S.A. would be checked to find what imports are not indigenous to the U.S.A. and therefore a necessary continuous yearly import to the U.S.A.

Thirdly, the borrowing country would then agree that the repayment of this loan would be made by U.S.A. importers from funds due for imports from this Latin American country. The payments would be made to the International Bank set up for this purpose.

As an example of this operation: An International Bank and Market would be set up in the U.S.A., empowered to issue a new international money based on a gold reserve. Each nation joining this bank and market would own some of the gold reserve held by the bank, and would trade with each other on the same basis.

If Colombia, for instance, applies for a loan of 20 million dollars from the U.S.A. which owned a specified amount of the gold reserve in the International Bank and Credit Market System, the loan would be made as follows: 20 million dollars in gold-backed International money would be issued to Colombia. The loan would then be repaid by Colombia at the rate of one million dollars per year plus interest to the credit of the U.S.A. in the I.T. & C.M. Bank. This repayment would come from our importers, who would have been notified that ten percent of the money owed the Colombian exporters should be forwarded to the Bank, to the credit of the U.S.A., until the yearly payment had been completed.

Ninety percent of the money owed to the Colombian exporters would be sent to Colombia as usual, and the ten percent sent to the International Bank would then be paid in Colombian exchange to the Colombian exporters by their government which made the loan.

The following are obvious advantages of this System:

- A. This type of international loan would have the highest safety value, as you acknowledged.
- B. The vexing problem of limited dollar exchange would be solved for Colombia or any other Latin American country, for they could pay the U.S.A. loan in their own exchange.

I.T. & C.M. System

- 4 -

June 5, 1958

A lack of the vision and delayed understanding of this new Bank and Market could be a greater U.S.A. lag than we are now experiencing in missiles. If Russia starts this new international unity in markets and money, the position of the U.S.A. would be immediately weakened throughout the world.

Very truly yours,

Wolstan Crocker Brown
Former Monetary Adviser to the
Republican National Committee

HISTORY OF THE INTERNATIONAL TRADE AND
CREDIT MARKET BILL...

The I.T. & C.M. Bill would have been operative in 1940 but for the opposition of one man, Harry Dexter White. I do not know why White caused his underground opposition to the Bill, but he succeeded in delaying the building up of a basic credit floor in the Western Hemisphere that would be of value at this critical period facing us now in the Western Hemisphere.

After the Bill had been introduced in the House by former Representative Hamilton Fish, it was assured of backing in both Houses by Republicans. Representative Jesse Walcott, Monetary Adviser to the House Republicans, gave the Bill the highest praise. To quote his words: "The Bill is very meritorious." Senator Vandenberg became as enthusiastic and wrote of the Bill as "a unique way of correcting a very difficult situation". Many Democrats held the same opinion.

(This letter is being
mimeographed because
so many people want
this same information.)